

Message Text

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15

ACTION TRSE-00

INFO OCT-01 AF-10 EUR-25 NEA-14 ISO-00 INT-08 L-03 AID-20

CEA-02 CIAE-00 COME-00 EB-11 EA-11 FRB-03 INR-11

IO-14 NSAE-00 RSC-01 OPIC-12 SP-03 CIEP-03 LAB-06

SIL-01 SWF-02 OMB-01 XMB-07 DRC-01 /170 W

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R 131408Z AUG 74

FM AMEVGASSY NIAMEY

TO SECSTATE WASHDC 8614

INFO USMISSION OECD PARIS

AMEMBASSY ABU DHABI

AMEMBASSY BAMAKO

AMEMBASSY JIDDA

AMEMBASSY OUAGADOUGOU

LIMITED OFFICIAL USE NIAMEY 2741

E.(-. 11653, N/A

TAGS: EFIN, EAID, NG, US

SUBJECT: NIGER DAM CONSORTIUM

REF: A. STATE 166923 (NOTAL); B. NIAMEY A-80 OF DEC 7 1973 (NOTAL)

C. NIAMEY A-57 OF SEPT 21, 1973 (NOTAL)

1. SAUDI CHARGE AL RACHASCH HAS GIVEN US FOLLOWING BACKGROUND
ON ARAB INVOLVEMENT IN SO-CALLED CONSORTIUM TO FINANCE HIGH
DAM IN NIGER.

2. WORKING WITH FORMER PRESIDENT DIORI, AL-RACHASCH HAD
HELPED PERSUADE FRENCH-US CONSORTIUM OF VOYER-GREEN TO DO
FEASIBILITY STUDY OF KANDADJI AREA OF NIGER RIVER NORTH
OF NIAMEY FOR MULTI-PURPOSE DAM INVOLVING RIVER AND FLOOD
CONTROL, IRRIGATION AND POWER. CONSORTIUM AGREED TO
UNDERTAKE STUDY AT OWN EXPENSE WITH UNDERSTANDING IT
WOULD GET CONTRACT FOR DAM IF GON DECIDED TO GO AHEAD
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AND FINANCING WAS FOUND. PRELIMINARY FEASIBILITY STUDY

SUBMITTED TO DIORI EARLIER THIS YEAR. PROJECT ENVISAGED EXPENDITURE OF APPROXIMATELY \$185 MILLION WITH AMERICAN PARTNER CONCENTRATING ON DAM WHILE FRENCH COMPANY WOULD RECEIVE CONTRACTS FOR RELATED INFRASTRUCTURE INCLUDING APPROACH ROADWORK, WORKERS HOUSING, POWER LINES, ETC.

3. ON SUBJECT OF FINANCING, AL RACHASCH WAS FUZZY. WORLD BANK AND SIMILAR ORGANIZATIONS RULED OUT BECAUSE THEIR PROCEDURES REQUIRED INTERNATIONAL TENDERS WHICH MIGHT UPSET DEAL WITH VOYER-GREEN. AL RACHASCH SAID HE HOPED TO PERSUADE SAUDI GOVERNMENT TO FINANCE GON COSTS OF NEXT STEP WHICH IS DETAILED FEASIBILITY STUDY ESTIMATED AT \$4 TO \$5 MILLION. IF AND WHEN THIS ACCEPTED BY GON HE ANTICIPATED HIS GOVERNMENT WOULD PICK UP LARGE TRANCHE OF TOTAL BILL AND WOULD ALSO UNDERTAKE TO OBTAIN CONTRIBUTION FROM GULF SHEIKHDOMS. AL RACHASCH ACKNOWLEDGED THIS AS RATHER LOOSE ARRANGMENT BUT SAID HE COULD NOT GET FIRM COMMITMENT FROM SAUDI GOVERNMENT UNTIL HE HAD DETAILED PROPOSAL TO SUBMIT AND THIS WOULD ONLY BE AVAILABLE WHEN NEXT ROUND OF STUDIES COMPLETED.

4. AL RACHASCH REPORTS FRENCH-AMERICAN COMPANY EXECUTIVES VISITING NIAMEY LATER THIS WEEK TO TAKE SOUNDINGS WITH NEW GOVERNMENT AND EXPLORE ITS ATTITUDE TOWARDS PROJECTS. UPON HIS RECENT RETURN TO NIAMEY FROM CONSULTATION IN JIDDA, AL RACHASCH SAYS HE DISCUSSED DETAILED PROJECT WITH PRESIDENT KOUNTCHE WHO SEEMED FAVORABLY DISPOSED BUT AL RACHASCH PREFERRED LEAVE NEXT STEP IN NEGOTIATIONS TO COMPANY REPRESENTATIVES.

5. AL RACHASCH SAYS HE IS OPTIMISTIC OF EVENTUAL SAUDI SUPPORT. HE SEES PROJECT AS OFFERING MULTIPLE BENEFITS TO NIGER AS WELL AS TO MALI AND UPPER VOLTA. HE FEELS DAM IS INEVITABLE, IT BEING INCONCEIVABLE TO HIM, AND TO OTHERS, THAT NIGER CAN FLOW ABOUT 650 KILOMETERS THROUGH COUNTRY WITH HARDLY A DROP BEING USED FOR IRRIGATION OR ANY OTHER PURPOSE EXCEPT FISHING, LAUNDRY AND NIAMEY WATER SUPPLY. SAUDIS, HE SAID, UNDERSTAND VALUE OF WATER AND THEY WILL RESPOND GENEROUSLY IF APPROACHED LIMITED OFFICIAL USE

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WITH A SPECIFIC PROPOSAL.

COMMENT: WE WILL ATTEMPT CHECK OUT THIS SCHEME FURTHER WITH COMPANY EXECUTIVES DURING THEIR FORTHCOMING VISIT HERE. HECK

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